

Message Text

f PAGE 01 STATE 094713

20

ORIGIN EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 SAJ-01 IO-10

SAM-01 /098 R

DRAFTED BY EA/IMS:JMDION:CCH

APPROVED BY EA - MR. HABIB

----- 033080

R 241902Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA

S E C R E T STATE 094713

E.O. 11652: GDS

TAGS: PFOR, ID

SUBJECT: AMBASSADOR RUSMIN'S CALL ON MR. HABIB

1. ON HIS RETURN FROM PRE-IGGI CONSULTATIONS IN JAKARTA, INDONESIAN AMBASSADOR RUSMIN NURYADIN SOUGHT APPOINTMENT WITH MR. HABIB ON APRIL 22 TO DISCUSS INDONESIAN PLANNING FOR MAY 13-15 AMSTERDAM MEETING AND TO SOLICIT US VIEWS ON FUTURE OF SEASIA.

2. RUSMIN SAID GOI CONSULTATIONS BASED ON IMF/IBRD REPORT OF LONG TERM INDONESIAN CAPITAL NEEDS IN LIGHT OF NEW OIL REVENUES AND CHANGES IN INDUSTRIAL COUNTRIES' ECONOMIES. CONCLUSION DRAWN IS THAT WHILE INDONESIAN WHEREWITHAL LARGER THAN EVER, ABSORPTIVE CAPACITY AND NEED FOR OUTSIDE CAPITAL GREATER TOO. REQUIREMENT FOR FOREIGN CAPITAL OVER NEXT SIX YEARS PROJECTED AT 14.1 BILLION DOLS WITH NEEDED
SECRET

PAGE 02 STATE 094713

NET CAPITAL INFLOW FOR INDONESIAN FY 75-76 (APRIL 1 - MARCH 31) ESTIMATED AT SLIGHTLY OVER 2 BILLION DOLS FROM FOUR PRIMARY SOURCES WITH FOLLOWING BREAKDOWN: CONCESSIONAL ASSISTANCE (IGGI/EASTERN EUROPE/PETRODOLLARS) 300-500

MILLION DOLS; ADB/IBRD 500-550 MILLION DOLS; EXPORT CREDITS 650-700 MILLION DOLS; COMMERCIAL LOANS 500 MILLION DOLS. RUSMIN EXPRESSED GOI'S HOPE THAT 60 PERCENT OF CONCESSIONAL ASSISTANCE WILL COME FROM IGGI (EAST EUROPEANS AND OIL

STATES HAVE INDICATED INTEREST IN CONCESSIONAL ASSISTANCE BUT GRANT ELEMENT LIKELY TO BE CONSIDERABLY LESS THAN ON IGGI TERMS) AND THAT US WOULD PROVIDE SAME AMOUNT AS LAST YEAR. MAY 1974 AMSTERDAM PLEDGE OF 60 MILLION DOLS DL CUT TO 40 MILLION DOLS AND THEN TO 35 MILLION DOLS, BUT GOI SATISFIED WITH FUNDS AND GRATEFUL FOR SUPPORT WITHIN USG IN FACE OF WIDESPREAD CRITICISM. IMPLEMENTATION OF FY 75 PROJECTS SLOW, HOWEVER, AND HE ASKED HELP IN SPEEDING UP LUWU RESETTLEMENT AND ACEH ROAD SCHEMES IN PARTICULAR. REALIZING PROBLEMS FACING US IN AID FIELD, GOI WOULD UNDERSTAND US INABILITY TO PLEDGE AT UPCOMING AMSTERDAM CONFERENCE OF IGGI BUT HOPED US WOULD LEND SUPPORT TO INDONESIA'S PRESENTATION OF CAPITAL NEEDS, BASED ON IMF/IBRD STUDY.

3. MR. HABIB SAID US DELEGATION WOULD LEND STRONG SUPPORT TO GENERAL THRUST OF INDONESIAN PRESENTATION AT AMSTERDAM BUT MIGHT NOT BE ABLE TO PLEDGE AT THIS SESSION. WE HAVE INDONESIAN NEEDS VERY MUCH IN MIND AND WILL BE IN A BETTER POSITION TO DISCUSS WHAT WE CAN DO WHEN PRESIDENT SUHARTO VISITS THIS SUMMER. IT NOW LOOKS AS IF WE WILL BE ABLE TO DO MORE THAN WE THOUGHT POSSIBLE AS LITTLE AS SEVERAL MONTHS AGO. HE EMPHASIZED THAT US REGARDS INDONESIA AS UNIQUE AMONG OIL PRODUCERS FOR ITS RELATIVELY MODEST REVENUES IN CONTRAST WITH LOW PER CAPITA INCOME AND GREAT DEVELOPMENTAL NEEDS. WE WILL DO BEST WE CAN TO SUPPORT INDONESIA'S OWN EFFORTS HE CONCLUDED.

4. RUSMIN ASKED FOR MR. HABIB'S VIEWS ON DOMINO THEORY, GIVEN INSURGENT THREAT TO THAILAND. INDONESIA HAD CONCENTRATED ON ECONOMIC DEVELOPMENT TO NEGLECT OF DEFENSIVE
SECRET

PAGE 03 STATE 094713

PREPARATIONS BUT WAS GIVING ATTENTION TO RETHINKING ITS PRIORITIES.

5. REFERRING TO PRESIDENT'S AVOWAL OF US DETERMINATION TO REMAIN IN SEASIA AND SECRETARY'S SPEECH TO NEWSPAPER EDITORS ON OUR FUTURE COURSE, MR. HABIB SAID WE WILL BE VIGOROUS IN PURSUIT OF A STABLE SEASIA AND IN THIS WE CONSIDER INDONESIA A KEY COUNTRY. HANOI'S INTEREST IN RECONSTRUCTION AS OPPOSED TO EXERTING FURTHER PRESSURES ON ITS NEIGHBORS NOT YET CLEAR; THAILAND FEELS MOST THREATENED, AS WELL IT MIGHT, GIVEN LONG YEARS OF INSURGENCY SUPPORTED FROM HANOI, BUT INDONESIA WELL AWARE OF SOURCE OF THREATS TO ITS OWN STABILITY AND AWARE OF

IMPORTANCE OF ECONOMIC DEVELOPMENT AS COUNTERMEASURE.
WE HAVE AGREED WITH INDONESIA'S CONCENTRATION ON ECONOMIC

SECTOR AND HAVE TRIED TO HELP IN SUCH KEY DEFENSE
SECTORS AS COMMUNICATIONS AND MOBILITY. WE HOPE TO DO
MORE AS ONE FORTUNATE CONSEQUENCE OF OTHERWISE TRAGIC
SERIES OF EVENTS IN INDOCHINA. MR. HABIB CONCLUDED BY
STRESSING AGAIN OUR CONTINUING INTEREST IN STABILITY OF
SEASIA, SUBJECT THAT WILL BE DISCUSSED FURTHER
DURING PRESIDENT SUHARTO'S VISIT. KISSINGER

SECRET

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE094713
Document Source: ADS
Document Unique ID: 00
Drafter: EA/IMS:JMDION:CCH
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D750145-0371
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197504103/baaaahwa.tel
Line Count: 121
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUN 2003 by KelleyW0>; APPROVED <18 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: PFOR, EAID, ECON, ID, (HABIB, PHILIP C), (RUSMIN NURYADIN)
To: JAKARTA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006